Table 1 shows the average return on revenue and the return on equity for the eight selected oil companies. The averages are simple averages; they do not assign weights to account for the different sizes of the firms in the group. ExxonMobil, the largest company in the group, has total revenues over ten times as large as Sunoco, the smallest company in the group. However, a weighted average would still not account for the fact that the sample of eight companies is only a fraction of the industry. For example, the Oil and Gas Journal includes over 130 companies in its oil and gas firms' earning report.

TABLE 1. RATES OF RETURN FOR SELECTED OIL COMPANIES

[Percentages]

Year	% Return on revenue	% Return on equity
1999	2.88	4.64
2000	5.79	24.85
2001	5.36	16.67
2002	3.89	8.11
2003	5.23	18.47
2004	6.45	26.18
2005	7.10	29.38

Source: Security and Exchange Commission Forms 10–K and 20–F, Company Financial Reports.

Over the seven year period, the average return on revenue was 5.24 percent, while the average return on equity was 18.32 percent. Both profit measures increased when the recent increases in the price of oil began in 2003. Two of the companies in the data set, Valero and Sunoco, are refiners and marketers with no crude oil production. These two firms were not, therefore, positioned to benefit directly from increases in the price of crude oil.

Cash reserves

Companies might accumulate cash reserves in anticipation of a major merger or acquisition, before a share re-purchase, or before a capital investment expenditure. In the case of the selected oil companies, these reasons might be augmented by the rapid expansion of sales revenues associated with the increases in the prices of crude oil and products from 2003 through 2005. Large investment projects take time to plan and execute, and it may be that the rapidly increasing revenues these firms realized could not be efficiently allocated in the available time.

Both upstream (exploration and production) and downstream (refining and marketing) investments in the oil industry tend to cost billions of dollars and take years to plan, complete, and realize returns from. Investment decisions are based on company estimates of the long-term, expected, price of oil. It may not be that the current market price of oil is equivalent to the companies' long-term expected price of oil. If the long-term planning price of oil is significantly lower than the current market price, it might appear that the companies have not increased investment in capacity to a degree commensurate with increased market prices.

TABLE 2. CASH RESERVES OF SELECTED OIL COMPANIES

[In millions of dollars]

Year	Cash reserves
1999	9,495
2000	27,185
2001	23,875
2002	20,908
2003	24,764
2004	41,323
2005	57,828

Source: Security and Exchange Commission Forms 10–K and 20–F, Company Financial Reports. Note: Shell, Valero, and ConocoPhillips data could not be obtained for 1999. Shell data could not be obtained for 2000.

Table 2 shows that the cash reserves of the selected oil companies have more than doubled from 2001 to 2005, the period of complete data. In 2005, three companies, ExxonMobil, Shell, and Chevron accounted for over 87 percent of the total cash reserves.

Exploration and capital investment

Exploration expenses are undertaken to locate and develop new commercially viable deposits of crude oil and natural gas. Two of the eight companies in the data set, Valero and Sunoco, have no exploration expenses since they operate only in the downstream portion of the industry. Since oil fields deplete over time and production tends to decline, oil producers must carry out a successful exploration program to keep their reserve and production positions constant. However, it cannot be determined from financial data which exploration expenses are ''net'' in the sense of increasing production and reserves, and which are ''gross'', including depletion replacement. As a result, increasing exploration expenses are not necessarily tied to increased production capability or reserves. Most of the firms also report dry hole expenses in exploration. Dry holes do not add to either production capacity or reserves.

Capital investment expenditures were drawn from the companies cash flow statements. These values represent actual outlays made during the year. As a result, the values for capital investment reported in Table 3 represent gross investment, rather than investment net of depreciation. In the current economic environment, it is likely that all investments, new, as, well as those that replace depreciated assets, must pass a profitability test to be undertaken. As a result, gross investment is likely to represent well the companies investment decisions.

TABLE 3. EXPLORATION AND CAPITAL INVESTMENT EXPENDITURES OF SELECTED OIL COMPANIES

[In millions of dollars]

Year	Exploration expense	Capital investment
1999	1,794	32,835
2000	3,114	36,417
2001	3,843	52,798
2002	4,231	55,577
2003	5,018	56,558
2004	5,318	58,304
2005	4,704	68,884

Source: Security and Exchange Commission Forms IO–K and 20–F, Company Financial Reports. Note: Shell and ConocoPhillips exploration data was not available for 1999. ConocoPhillips capital investment data was not available for 1999.

Conclusion

The oil industry operates in a volatile, short run market in which many decisions have long term implications. The upstream portion of the market is increasingly controlled by national oil companies, not private firms. The market is also affected by political forces.

The private oil companies have the responsibility of making decisions in the best interests of their shareholders. However, because their products are important to the functioning of national economies, their decisions are also of interest to the public. This dual responsibility must be balanced by the companies.

Mr. WYDEN. I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. BURR). The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. GREGG. I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Morning business is closed.

DEPARTMENT OF HOMELAND SECURITY APPROPRIATIONS ACT, 2007

The PRESIDING OFFICER. Under the previous order, the hour of 3 p.m. having arrived, the Senate will proceed to the immediate consideration of H.R. 5441, which the clerk will report.

The assistant legislative clerk read as follows:

A bill (H.R. 5441) making appropriations for the Department of Homeland Security for the fiscal year ending September 30th, 2007, for other purposes.

The Senate proceeded to consider the bill which had been reported from the Committee on Appropriations with an amendment to strike all after the enacting clause and insert in lieu thereof the following:

That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for the Department of Homeland Security for the fiscal year ending September 30, 2007, and for other purposes, namely:

TITLE I

DEPARTMENTAL MANAGEMENT AND OPERATIONS

OFFICE OF THE SECRETARY AND EXECUTIVE MANAGEMENT

For necessary expenses of the Office of the Secretary of Homeland Security, as authorized by section 102 of the Homeland Security Act of 2002 (6 U.S.C. 112), and executive management of the Department of Homeland Security, as authorized by law, $90,122,000: Provided, That not to exceed $40,000 shall be for official reception and representation expenses.

OFFICE OF THE UNDER SECRETARY FOR MANAGEMENT

For necessary expenses of the Office of the Under Secretary for Management, as authorized by sections 701 through 705 of the Homeland Security Act of 2002 (6 U.S.C. 341 through 345), $166,456,000: Provided, That not to exceed $3,000 shall be for official reception and representation expenses: Provided further, That of the total amount provided, $8,206,000 shall remain available until expended solely for the alteration and improvement of facilities, tenant improvements, and relocation costs to consolidate Department headquarters operations.

OFFICE OF THE CHIEF FINANCIAL OFFICER

For necessary expenses of the Office of the Chief Financial Officer, as authorized by section 103 of the Homeland Security Act of 2002 (6 U.S.C. 113), $26,018,000.

OFFICE OF THE CHIEF INFORMATION OFFICER

For necessary expenses of the Office of the Chief Information Officer, as authorized by section 103 of the Homeland Security Act of 2002 (6 U.S.C. 113), and Department-wide technology investments, $306,765,000; of which $79,521,000 shall be available for salaries and expenses; and of which $227,244,000 shall be available for development and acquisition of information technology equipment, software, services, and related activities for the Department of Homeland Security, and for the costs of conversion to narrowband communications, including the cost for operation of the land mobile radio legacy systems, to remain available until expended: Provided, That none of the funds appropriated shall be used to support or supplement the appropriations provided for the United States Visitor and Immigrant Status Indicator Technology